MaxCyte

Robust Cell Therapy performance lifts FY22 guidance

23 May 2022

- MaxCyte reported record quarterly revenues of $11.6m (+78% q-o-q) for Q122, underpinned by strong growth in the core Cell Therapy (+57% to $7.4m) and Drug Discovery (+23% to $2.2m) businesses. Given the high proportion of recurring income, this has prompted management to raise FY22 guidance to at least 25% growth in core business revenue vs 23-25% previously. Q122 core revenues were $9.6m (+48%), with programme-related revenues of $2m reflecting ongoing development progress at Strategic Platform Licence (SPL) partners. Milestone receipts of c $4m are expected for FY22. Gross margin improved to 91% due to higher SPL-revenue but was unchanged at c 89% excluding this.
- Higher operating expense of $14.7m (Q121: $12.2m) was largely driven by investment in headcount to support growth, particularly in field sales, lab science, and manufacturing. S&M costs increased to $3.8m (Q121: $2.8m) with higher G&A spend ($6.6m vs Q121: $3.0m) due in part to NASDAQ public company expenses and compliance costs. This was partially offset by lower R&D investment ($3.8m vs Q121: $6.1m) following cessation of CARMA development in Q121.
- MaxCyte's end-March cash position of $246m provides ample resources to invest in aligning its capabilities and products with existing client needs (eg in-house manufacturing scale up for commercialisation) and in expansion into potential new applications and markets (eg VLx commercial launch for bioprocessing applications). These activities and the continuing rapid growth in cell therapy R&D and growing demand for MaxCyte's enabling technologies should support future core business revenue growth as well as potentially add further SPL partners.
- The 16 current SPLs represent >$1.25bn in potential pre-commercialisation milestones and, assuming success, offer the prospect of meaningful downstream economics (sales milestones, royalties or equivalent). Progress of underlying assets will contribute to building a sizeable pre-commercial milestone stack that should transform MaxCyte's mid- and longer-term revenue profile. This is discussed in more detail in our March 2022 Outlook and April 2022 Update notes. We note first potential approval of an SPL asset (CRISPR Therapeutics' CTX001) could come as early as 2023.

Trinity Delta view: MaxCyte remains well positioned and well-funded to continue to support and expand the adoption of its enabling technologies and expertise in cellular based research and development of next-generation gene edited cell therapies. Q122 revenues indicate both robust demand from cell therapy customers and the implied clinical progress at SPL partners. FY22 guidance for the core business is now ahead of MaxCyte's five-year revenue CAGR (2017-21) of c 23%. We continue to view MaxCyte as a unique and diversified play on the whole cell engineering field, providing broad exposure across cell types, technologies, indications, and approaches. Our valuation is £1.06bn / $1.39bn, equivalent to 1,050p or $13.64 per share.

Price	370p $4.95
Market Cap	£375.7m $502.6m
Primary exchange	AIM London
Sector	Healthcare
Company Code	MXCT.L MXCT
Corporate client	Yes

Company description:

MaxCyte uses its patented flow electroporation platform to transfect a wide array of cells. Revenues arise from sale and lease of equipment, disposables, and licence fees from an impressive client list. Key programmes with several clients are gaining greater visibility and approaching material value-inflections points. These will trigger a stream of milestone fees.

Analysts

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